



<b>MBS #:</b>	MBS066-14
<b>Date:</b>	April 21, 2014
<b>To:</b>	Mortgage-Backed Securities Division (“MBSD”) Participants
<b>Category:</b>	Service Update
<b>Subject:</b>	Capped Contingency Liquidity Facility (“CCLF”) Test

CCLF was introduced in 2011 (see Important Notice #MBS067.11 dated May 2, 2011) and remains an integral part of MBSD’s role as Central Counterparty. MBSD will conduct the annual 2014 **CCLF test** with all participants on May 12, 2014 in an effort to assess participants’ understanding of CCLF from an operational perspective and also increase awareness of the potential capital commitment should the CCLF be invoked.

On May 12, 2014, MBSD will conduct this **test**. The components of the **test** are as follow:

- Opening of business May 12, 2014 all participants will receive a CCLF Activity Report (via the production Report Center environment) reflecting all delivery pool obligations they have versus MBSD which in turn are bound to the defaulting participant. The CCLF Activity Report for this test will be located in the Liquidity folder of Report Center and be marked as “Test”.
- Previously all participants supplied their Relationship Manager with at least two individuals who would support that CCLF tests. Please contact your Relationship Manager if there are any changes to those contacts for the upcoming May 2014 test.
- As part of this **test**, MBSD will select a participant who will serve as the defaulting member but will not disclose the identity of that participant.
- Upon receipt of the **test** CCLF Activity Report, participants will identify the pools that they have available to deliver to FICC based on pool positions as of start of day and return the completed **test** CCLF Activity report to FICC Operations (operations@mbscc.com) by 1:00 (E.T.), Monday, May 12, 2014.

It is important to note that responses from all participants will be required for this **test even if their CCLF Activity Report does not reflect any activity**.

**PLEASE NOTE THAT PARTICIPANTS SHOULD NOT WITHHOLD ANY POOL DELIVERIES TO FICC ON MAY 12, 2014.**

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